(c) and (d) In the wake of global slowdown and fall in India's exports, Government has taken a number of measures to arrest deceleration in exports. The measures; *inter-alia*, include provision of interest subvention in pre and post-shipment export credit for labour intensive exports, provision of additional funds for full refund of Terminal Excise Duty/CST, Government back-up guarantee to ECGC to enable it to provide guarantees for exports to difficult markets/products, allocation of additional funds for export incentive schemes, etc.

Ban on Chinese toys

859. SHRIMATI SHOBHANA BHARTIA:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether China has threatened to drag India to World Trade Organisation (WTO) if restrictions/ban imposed by the Indian Government on import of toys is not lifted;

(b) if so, the details thereof;

(c) whether the Government is aware that China is dispatching toys into the Indian markets through a third country;

(d) if so, whether the Government propose to plug the loopholes in the rules ensure ban on Chinese toys; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) and (b) Ambassador of People's Republic of China to India has expressed the concern of their Government regarding the ban on import of Chinese toys for six months with effect from 23.01.2009.

(c) and (e) *Vide* Policy circular No. 58 (RE-2008)/2004-09 dated 6.02.2009, it has been clarified by the Government that prohibition on import of toys from China shall be applicable on all toys which have originated from China, irrespective of the country of import.

Measures to survive labour intensive industries

860. SHRI GIREESH KUMAR SANGHI:
SHRI VIJAY JAWAHARLAL DARDA:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government propose to inject adequate funds to provide to arrest the dwindling export market in view of the global recessionary trends;

(b) if so, the details of measures being taken to infuse liquidity so that medium and small industries, which are labour intensive, are not forced to slow down their operations in view of mounting inventory of finished goods due to shrinkage of international and national demands; and

(c) whether the envisaged export targets have been achieved during July-December, 2008?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) and (b) Government has taken a number of measures to improve liquidity in the context of global economic crisis. Some of the key measures are enclosed as Statement. (*See* below).

(c) Exports have reached a level of US $ 132 billion during April-December, 2008 against a target of US $ 200 billion set for the year. Given the current global economic scenario and its impact on Indian exports, it is unlikely that the target set for the year 2008-09 will be achieved.

Statement

Some of the steps taken by Government/RBI to arrest the decline in export growth

(I) **Measures taken by the Government:**

1. Interest subvention of 2% has been extended, till 30.9.2009, to the following labour intensive sectors for exports of Textiles (including Handlooms), Handicrafts, Leather, Gems and Jewellery, Marine Products and SMEs;

2. Additional funds of Rs. 350 crore provided for export incentive Schemes;

3. Rs. 1100 crore provided to ensure full refund of claims of CST/Terminal Excise duty/Duty drawback on deemed exports;

4. Continuation of Duty Entitlement Passbook (DEPB) Scheme upto 31st December, 2009;

5. Back-up guarantee made available to ECGC to the extent of Rs. 350 crore to enable it to provide guarantees for exports to difficult markets/products;

6. Additional funds of Rs. 1400 crore provided for textile sector to clear the backlog claims of TUF;

7. The guarantee cover under Credit Guarantee Scheme for Micro and Small Enterprises on loans doubled to Rs. 1 crore with a guarantee cover of 50%. The guarantee cover extended by Credit Guarantee Fund Trust increased to 85% for credit facility upto Rs. 5 lakh, The lock-in period for such collateral-free loans reduced.

8. Regular monitoring mechanism:—

   (a) The situation is being regularly monitored at the highest level of Government, so that immediate further corrective measures, can be taken as may be required. In this regard the Government has constituted two High Level Committees:—

      (i) An Apex Group chaired by Prime Minister with Finance Minister, Commerce Minister, Deputy Chairman (Planning Commission), RBI Governor;

(ii) Committee of officers chaired by Cabinet Secretary, including Finance Secretary, Commerce Secretary, Secretary (DIPP), Secretary (Planning Commission)- to meet regularly to look into the suggestions made by Trade and Industry and the respective Administrative Ministries in respect of the current global economic and financial crisis and to recommend action to the Apex Group.

(b) Department of MSME and Department of Financial Services to jointly monitor on the progress of the meetings of Monthly meeting of State level Bankers' Committee for resolution of credit issues of MSME.

(c) Fast Track Monitoring Committee to ensure expeditious approval and implementation of Central Projects.

(II) **Measures taken by RBI:**

(1) Increase in Liquidity to the banks for improving credit flow, by:—

(i) Reducing CRR, SLR, Repo rate and Reverse Repo rate (from October '08, CRR reduced from 9% to 5%, SLR reduced from 25% to 24%, Repo Rate reduced from 7.5 % to 5.5%, and Reverse Repo Rate reduced from 6% to 4%).

(ii) A special re-finance facility has been put in place for banks for the purpose of extending finance to exports, micro and small enterprises, mutual funds and NBFCS. Provisioning requirements have been lowered. Export Credit Refinance facility for commercial banks increased to 50% of the outstanding Rupee Export Credit.

(iii) Refinance facility to the EXIM Bank for an amount of Rs. 5000 crores for providing pre-shipment and post-shipment credit in Rs. or dollars;

(iv) Sectoral Credit targets of public sector banks being revised upward.

(2) Increase in FOREX Liquidity:—

(i) RBIs assurance for continued selling of foreign exchange (US $) through banks, to augment supply in the domestic foreign exchange market;

(ii) Ceiling rates on export credit in foreign currency has been raised to LIBOR + 350 basis points subject to the condition that the banks will not levy any other charges, *i.e.*, service charge, management charge, etc. except for recovery towards out of pocket expenses incurred;

(iii) The ceiling on interest rates for non-resident deposits raised;

(iv) Banks' overseas borrowing limits increased and ECB borrowing norms eased; "all in cost" ceiling of such borrowings would be removed under the approval route of RBI;

(v) RBI decided to provide FOREX liquidity to Indian Public and Private Sector Banks upto June 30, 2009, through forex swaps of tenure upto 3 months.

(3) Easing of Credit Terms:

(i) Enhancing the period of pre-shipment and post-shipment Rupee Export Credit by 90 days each;

(ii) Increasing the time period of export realization for non-status holder exporters to 12 months;

(iii) Authorised Dealers Category — I Banks permitted to consider applications for pre-mature buy-back of FCCBs from their customers.

(iv) Other announcements made by the PSU Banks consequent to measures announced by RBI:—

a. Reduced Interest Rate for Micro Enterprises and SMEs:—

— Interest rate on Loans to Micro Enterprises reduced by 100 basis points;

— Interest rate on Loans to SME reduced by 50 basis points;

b. PSU Banks will grant need based *ad hoc* working capital loan of upto 20% of their overall credit facility if it is less than Rs. 10 crore.

c. For export units, Margin Money on Guarantees will be reduced.

Measures to boost economy

861. SHRI SABIR ALI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of new initiatives taken by the Ministry during the last year;

(b) the impact of those initiatives;

(c) the initiatives proposed for the current year; and

(d) its likely impact on the economy?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) to (d) The industrial growth in a market driven economy is influenced by the market forces of supply and demand. The role of the Government is of a facilitator for promotion of industrial development. The Government has put in place various policies to promote broad based industrial growth through better access to inputs at competitive prices, rationalization and reduction in duties and taxes, better infrastructure support etc.

The global recession has affected some of the export oriented and other industries in India such as textiles, handicrafts, leather, and gems and jewellery. Slowdown in the demand for automobiles and its ancillaries, cement, steel, housing sector etc. has also been seen.